

Message Text

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ACTION SS-30

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O R 191839Z OCT 73

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC IMMEDIATE 7921

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BONN

AMEMBASSY DUBLIN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION NATO

S E C R E T SECTION 1 OF 2 COPENHAGEN 2616

EXDIS

E.O. 11652 GDS

TAGS: PFOR, EEC, NATO

SUBJECT: US-EC NINE MEETING: DISCUSSION ON ECONOMIC
ASPECTS OF US-EC NINE DECLARATION

SUMMARY. WALLENSTEIN GAVE LENGTHY EXPOSE OCTOBER 19
OF EC COMMISSION'S VIEW ON ECONOMIC PARAGRAPHS IN US
REVISION OF EC DRAFT DECLARATION, BUT DID NOT PROVIDE
NEW TEXT OR SUGGEST SPECIFIC LANGUAGE. STOESSEL
RESPONDED BRIEFLY CONCLUDING THAT IT WOULD BE HELPFUL
TO HAVE EC SUGGESTED TEXT AS SOON AS POSSIBLE. US
COULD THEN MAKE MORE PRECISE COMMENTS. FRENCH,
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SUPPORTED BY DUTCH AND WALLENSTEIN, STRESSED POLITICAL
IMPORTANCE OF MAKING GESTURE TO LDCS. END SUMMARY.

1. IN COURSE OF US-EC NINE DISCUSSIO OF DECLARATION

(SUMMARY SENT SEPTTEL) WALLENSTEIN (EC COMMISSION) WAS CALLED UPON BY EC NINE CHAIRMAN OLDENBURG (DENMARK) TO COMMENT ON ECONOMIC PORTIONS OF EC TEXT AS AMENDED BY US (STATE 19831). ON PREMISE THAT ECONOMIC SECTIONS MUST BE IN HARMONY WITH REST OF DOCUMENT, HE SAID, WE MUST STRIVE FOR BALANCE BETWEEN WHAT NOW EXISTS AND FUTURE REALITY. EC MEMBERS, AS NINE, CURRENTLY HAVE COMPETENCE ONLY IN CERTAIN FIELDS, IN OTHERS THEY HAVE AGREED TO HAVE COMMON POLICIES BUT ARE JUST BEGINNING TO ELABORATE THEM. HE NOTED THAT US ALSO HAS PROBLEMS IN ACHIEVING DOMESTIC AGREEMENT IN CERTAIN AREAS BECAUSE OF DIVISION OF EXECUTIVE AND LEGISLATIVE POWERS, DIFFERING STATE AND FEDERAL RESPONSIBILITIES, ETC. BOTH US AND EC SHOULD BE CAREFUL NOT TO PROMISE MORE THAN THEY CAN DELIVER.

2. RE PARA 22 ON COOPERATION HE SAID THAT US LANGUAGE WAS NOT CLEAR IN REGARD TO "INCREASED ECONOMIC INTERDEPENDENCE". MOREOVER, ALTHOUGH EUROPEANS COULD AGREE THAT NEW RULES WERE NEEDED IN SOME CASES, NINE WISHED TO AVOID GENERAL ASSUMPTION THAT ALL PRESENT RULES NEEDED REVISION. ON LAST SENTENCE, ABOUT NOT TRANSMITTING TO OTHERS THE COSTS OF DOMESTIC POLICIES, HE THOUGHT THE IDEA WAS CLEAR. HOWEVER, VIRTUALLY ANYTHING UNDERTAKEN BY A LARGE ENTITY HAS REPERCUSSIONS ABROAD SO THAT IT WILL BE DIFFICULT TO FIND SATISFACTORY WORDING. STOESSEL, IN REPLY, STRESSED THAT PARA 22 CONTAINED TWO IMPORTANT IDEAS: A) AVOIDANCE OF TRANSMITTING COSTS TO OTHERS AND B) DESIRABILITY OF ADVANCE CONSULTATION. WE WERE FLEXIBLE ON EXACT WORDING AND PERHAPS IDEAS COULD BE CLARIFIED FURTHER. ADVANCE CONSULTATIONS WOULD OBVIOUSLY BE RECIPROCAL, AS US EARLIER HAD INDICATED.

3. WALLENSTEIN NOTED THAT PREAMBLE ALREADY CALLS FOR OPEN AND BALANCED WORLD ECONOMIC ORDER. WHY THE NEED FOR A "MORE OPEN AND EQUITABLE WORLD TRADING SYSTEM" IN PARA 23? STOESSEL REPLIED THAT WE THOUGHT THE IDEA OF MAKING IMPROVEMENTS IN PRESENT SYSTEM WAS DESIRABLE.
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WE COULD PERHAPS REFER DIRECTLY TO LANGUAGE IN TOKYO DECLARATION ON THIS SUBJECT.

4. RE PARA 24, WALLENSTEIN SAID WE ARE ALL AGREED ON PLAYING ROLE IN GATT, BUT WE SHOULD ADDRESS OURSELVES TO CONCRETE ACTIONS AND NOT DISCUSS PHILOSOPHY. AS FOR NEW LANGUAGE ON SHORT SUPPLY AND SURPLUS PROBLEMS, NINE THOUGHT IT A GOOD IDEA TO INTRODUCE IDEA AND WERE CONSIDERING ALTERNATIVE WORDING. HE WONDERED WHY SENTENCE BEGINS BY REFERRING TO SHORT SUPPLY BUT ENDS BY TREATING SHORTAGE AND SURPLUS PROBLEMS TOGETHER. STOESSEL NOTED THAT WE HAD ADOPTED AIM OF DEALING WITH "DISTORTIONS" FROM TOKYO DECLARATION, AND INDICATED THAT WE WERE OPEN

TO BETTER WORDING ON SHORTAGES AND SURPLUS.

5. ON MONETARY REFORM, WELLENSTEIN OBSERVED THAT US HAD NOT ACCEPTED EC IDEAS ON PARA 26 AND VICE VERSA. IT WILL BE HARD TO FIND AGREED LANGUAGE ON THIS AS THESE PROBLEMS ARE CURRENTLY UNDER DISCUSSION IN OTHER FORA. EC AND US POSITIONS ARE DIFFERENT AND, IN GENERAL, HE BELIEVED PARAGRAPH IS TOO DETAILED IN ITS DISCUSSION OF MODALITIES FOR THIS KIND OF PAPER. STOESSEL AGREED THAT BOTH SIDES WERE TRYING TO ADVANCE THEIR OWN POSITIONS ON MONETARY QUESTIONS AND SAID THAT PERHAPS A SHORTER TREATMENT DRAWN FROM THE C-20 BUREAU OUTLINE FOR MONETARY REFORM MIGHT BE PREFERABLE. ALSO, WE STILL HAVE THE NAIROBI REPORT TO CONSIDER.

6. WELLENSTEIN SAID RE PARA 27 ON INTERNATIONAL INVESTMENT THAT EC AGREED IT DESIRABLE TO INTRODUCE THIS TOPIC, BUT HAS NOT FINAL POSITION ON WORDING. IN GENERAL, HOWEVER, THEY WANT TO AVOID LANGUAGE WHICH WOULD PREJUDGE QUESTIONS NOW UNDER NEGOTIATION ELSEWHERE, E.G. OECD, IMF. STOESSEL WELCOMED EC AGREEMENT TO INCLUDE THIS SUBJECT IN DECLARATION.

7. WELLENSTEIN NOTED THAT US APPROACH TO PARA 28 ON COOPERATION IS BROADER THAN EUROPEAN. INTRODUCTION OF IDEA OF ASSURING FULL EMPLOYMENT IS ACCEPTABLE AND EC HOPES TO FIND SUITABLE WORDING. STOESSEL NOTED THAT TOOLS USED IN FIGHTING INFLATION ALSO HAVE APPLICATION
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TO FULL EMPLOYMENT AND OTHER GOALS.

8. RE PARA 29 ON ENVIRONMENT, WELLENSTEIN RETURNED TO
THEME OF NOT PROMISSING MORE THAN WE CAN DELIVER. EC
WANTS TO TAKE EFFECTIVE ACTION ON ENVIRONMENTAL PROBLEMS
BUT SO FAR HAS ONLY ESTABLISHED GUIDELINES IN THIS AREA.
US, OF COURSE, HAS PROBLEMS OF FEDERAL STRUCTURE.
MOREOVER, MANY ENVIRONMENTAL PROBLEMS CAN BE DEALT WITH
ON A NATIONAL OR REGIONAL BASIS. EUROPEANS THEREFORE
HAVE RESERVATIONS ON DEALING WITH THEM ON INTERNATIONAL
PLANE BUT WILL REFLECT ON IT. HE NOTED ALSO THAT
MEASURES TAKEN MAY HAVE REPERCUSSION ON TRADE. STOESEL
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REPLIED THAT WE UNDERSTAND WELLENSTEIN'S POINTS ABOUT
RELATIONSHIP BETWEEN ENVIRONMENT AND TRADE. TRADE
DISTORTIONS COULD RESULT, WHICH WAS WHY WE INTRODUCED
ADDITIONAL LANGUAGE TO THIS PARAGRAPH. WE WOULD RETAIN
EC WORDS "WHERE APPROPRIATE", WHICH SHOULD PROVIDE
NECESSARY FLEXIBILITY.

9. ON PARA 30 (SCIENTIFIC, TECHNOLOGICAL AND INDUSTRIAL
POLICIES), WELLENSTEIN WONDERED WHY US DRAFT DROPPED
REFERENCE TO "RESEARCH". ON PARA 31 (RESOURCES) HE NOTED POSSIBLE
INTERNATIONAL IMPLICATIONS OF MENTION OF OIL. EC WOULD
PREFER GENERAL WORDING NOT DETAILING HOW THE ISSUE WILL
BE HANDLED INTERNATIONALLY. COMMISSION STILL FAVORS
PRUDENT APPROACH IN THIS AREA. STOESEL TOOK NOTE OF
WELLENSTEIN'S COMMENTS ON PARAS 30 AND 31 AND SAID US
WOULD AWAIT RECEIPT OF EC TEXT.

10. STOESEL NOTED WELLENSTEIN HAD NOT MENTIONED PARA
21 ON DEVELOPING COUNTRIES. IT WAS IMPORTANT TO REALIZE
THAT OUR CHANGE TO "ENCOURAGE AND ASSIST" FROM
"INTENSIFY" REFLECTED REAL PROBLEM, WHICH FRANKLY
SPEAKING WAS LEGISLATIVE. BECAUSE OF PRESENT SITUATION
IN CONGRESS IT WOULD BE VERY DIFFICULT FOR US TO
COMMIT ITSELF TO INTENSIFY ITS EFFORTS IN THE AID FIELD.
PUAUX, FOR FRANCE, INDICATED UNDERSTANDING FOR US
FINANCIAL PROBLEM BUT STRESSED ISSUE WAS AN IMPORTANT

POLITICAL ONE FOR EC. NINE HEADS OF GOVERNMENT HAVE COMMITTED THEMSELVES TO RESPOND TO REQUESTS FOR AID FROM UNDERDEVELOPED COUNTRIES. THEY FEAR THAT US LANGUAGE IS TOO VAGUE AND TOO SHORT. GENERAL OPINION OF NINE IS THAT THEY DON'T WANT TO DISAPPOINT LDCS. VAN LYNDEN (NETHERLANDS) AGREED WITH PUAUX. HE TOO APPRECIATED US DIFFICULTY IN OBTAINING MORE RATHER THAN LESS FOR FOREIGN AID, BUT BELIEVED THAT INTENTION SHOULD BE MADE CLEAR. HE ALSO STRESSED IMPORTANCE OF TRADE AS WELL AS AID AND SAID THAT EC TEXT DID NOT REPRESENT CHANCE WORDS BUT BASIC PRINCIPLES.

11. STOESEL STRESSED NEED FOR FLEXIBILITY ON AID QUESTION AND INDICATED AGREEMENT WITH EC INTENT. WELLENSTEIN REAFFIRMED MAJOR POLITICAL IMPORTANCE OF
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AID QUESTION TO NINE AND SAID SOLUTION TO WORDING PROBLEM MIGHT BE FOUND BY MAKING PARA 21 FOCUS ON LONG TERM OBJECTIVE RATHER THAN IMMEDIATE OBLIGATIONS. PHRASE "WORK IN DIRECTION OF" MIGHT SUFFICE, FOR EXAMPLE.

12. SONNENFELDT OBSERVED THAT ALL WERE AGREED ON NOT TRYING TO RESOLVE IN US-EC NINE MEETINGS QUESTIONS WHICH SHOULD BE HANDLED ELSEWHERE. WE WANT THE TEXT, HOWEVER, TO REFLECT THE SPIRIT IN WHICH WE INTEND TO SOLVE OUR ECONOMIC PROBLEMS.
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